

Message Text

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ACTION SS-25

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FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC PRIORITY 8953

C O N F I D E N T I A L PORT AU PRINCE 2392

EXDIS

E. O. 11652: GDS

TAGS: EMIN, EINV, HA

SUBJ: REYNOLDS NEGOTIATIONS

REF : STATE 270182

1. SUMMARY: ALTHOUGH I WILL ATTEMPT TO SEE FOURCAND AS SOON AS POSSIBLE, THERE MAY BE SOME DELAY AS HE IS NOW IN MIDDLE OF INTENSIVE NEGOTIATION WITH KENNEDY COTT ON PROPOSED CONCESSION.

WITH RESPECT TO CONDITIONS POSED BY REYNOLDS IN REFTTEL, THERE MIGHT BE A CHANCE OF OBTAINING MINISTERIAL LETTER FNGNED BY BROS OR FOURCAND GIVING REYNOLDS SOME ASSURANCES, BUT ATTITUDE SHOWN BY HAITIAN OFFICIALS, WHEN I INFORMALLY RAISED SUBJECT OF REYNOLDS DISSATISFACTION LATE LAST WEEK, INDICATE THAT THERE IS ALMOST NO CHANCE THAT GOH WILL REOPEN NEGOTIATIONS, AS SUCH. END SUMMARY

2. AFTER REYNOLDS BRIEFED ME ON NEGOTIATIONS DEC 5, I INFORMALLY DISCUSSED SUBJECT WITH BOTH BROS AND FOURCAND. WHILE ADMITTING THAT NEGOTIATIONS WERE AT TIMES ROUGH, THEY BOTH TOLD ME THAT HAITI FELT OBLIGED TO EMPLOY TOUGH NEGOTIATING TACTICS BECAUSE (A) CHIEF REYNOLDS NEGOTIATOR SIKOROVSKY, WHO HAS NEGOTIATED WITH HAITI IN THE PAST, IS HIMSELF AN EXTREMELY TOUGH AND HARD-HEADED NEGOTIATOR WHO CAN ONLY BE IMPRESSED BY ROUGH TACTICS ON THE PART OF HIS OPPONENTS, (B) REYNOLDS, AS A MULTINATIONAL CORPORATION WITH AN INCOME MANY TIMES THAT OF HAITI, MUST BE DEALT WITH FIRMLY SO IT DOES NOT GET THE IDEA THAT IT IS MORE IMPORTANT THAN

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THE SOVEREIGN STATE OF HAITI AND (C) INDICATCDNS DURING AND

AFTER THE SEPTEMBER TALKS LED HAITIANS TO BELIEVE REYNOLDS WOULD TAKE AN OBSTRUCTIONIST LINE WHICH WOULD HAVE TO BE FIRMLY COUNTERED IF HAITIANS WERE TO SUCCEED IN THE TALKS. IN SUPPORT OF LATTER CLAIM HAITIANS STATED THEY HAD REQUESTED A \$400,000 ADVANCE FROM REYNOLDS ON 1974 TAXES AND WERE TOLD THEY COULD RECEIVE SUCH AN ADVANCE ONLY IF GOH WOULD AGREE TO A SETTLEMENT ALONG LINES OF ORIGINAL REYNOLDS PROPOSAL.

3. IN DISCUSSING ATMOSPHERE DURING NEGOTIATIONS, HAITIAN OFFICIALS CLAIMED THAT REYNOLDS TEAM (A) WAS GIVEN AMPLE OPPORTUNITY TO TALK AND EXPLAIN COMPANY POSITION, (B) SHOWED A LACK OF COURTESY TOWARD THE HAITIAN NEGOTIATORS AND TOWARD THE PRESIDENT (ONCE RETURNING FROM LUNCH A HALF HOUR LATE, KEEPING THE PRESIDENT WAITING) AND (C) SPENT THE ENTIRE SECOND DAY OF THE NEGOTIATIONS TRYING TO BACK OUT OF THE AGREEMENT WHICH HAD BEEN REACHED THE END OF THE FIRST DAY. HAITIANS STATED THAT SIKOROVSKY ON TUESDAY, AFTER HAVING INITIALLED THE BASIC AGREEMENT THE EVENING BEFORE, CLAIMED HE DID NOT HAVE AUTHORITY TO SIGN AGREEMENT -- A POSITION THEY CONSIDERED AS NOTHING SHORT OF AN INSULT TO THE PRESIDENT. ONLY, ON FOLLOWING DAY, WHEN HE HAD FAILED TO BUDGE HAITIANS, DID HE BRING OUT HIS POWER OF ATTORNEY AND ADMIT HE HAD ALL ALONG BEEN AUTHORIZED TO CONCLUDE AN AGREEMENT. (ALTHOUGH FOURCAND'S STATEMENTS MAY BE SELF-SERVING, BROS, WHO HAS A RESERVED AND JUDICIAL TEMPERAMENT, AND IS A SENIOR BUREAUCRAT WITH NO AXE TO GRIND, SEEMED TO SHARE FOURCAND'S VIEWS AND, WITH RESPECT TO UNEXPECTED DEMAND FOR PAYMENT OF BACK TAXES, SAID "SURPRISES" WERE A NORMAL PART OF EVERY NEGOTIATION).

4. IN SUM, WHILE FOURCAND AND BROS ARE WHOLLY DIFFERENT IN STYLE AND PERSONAL AMBITIONS, BOTH VIEWED OUTCOME OF NEGOTIATIONS AS A WELL-EARNED VICTORY OVER A FORMIDABLE, SUBBORN ADVERSARY ACHIEVED BY VIRTUE OF SUPERIOR PREPARATION AND SUPRISE TACTICS. THEY CLEARLY HAVE UNDERESTIMATED THE EFFECT OF THEIR TACTICS ON REYNOLDS (AND CITED SIKOROVSKY'S CONCLUDING STATEMENTS AS EVIDENCE HE WAS RECONCILED TO TERMS OF AGREEMENT AND HAD NO COMPLAINTS AGAINST GOH), BUT SEEM GENUINELY PERSUADED THAT WITHIN NEW FRAMEWORK STAGE IS SET FOR CONSTRUCTIVE, MUTUALLY-BENEFICIAL RELATIONSHIP.

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5. PRESIDENT, FOURCAND AND BROS ALL HAVE TOLD ME THEY ARE WELL PLEASED WITH THE FINAL AGREEMENT AND HAVE STRESSED THE COMPLIMENTARY REMARKS MADE BY THE PRESIDENT ABOUT REYNOLDS AT THE CLOSE OF THE NEGOTIATIONS (WHICH WERE REPEATED IN THE PRESS) AS A SIGN THAT ALL IRRITANTS HAVE NOW BEEN REMOVED. (THERE HAS BEEN NO REPEAT NO RESUMPTION OF HOSTILE PRESS CAMPAIGN; EDITORIALS AND MESSAGES PRAISING THE GOVERNMENT'S ACHIEVEMENT, AND REGISTERING SATISFACTION WITH REYNOLDS' POSITION, HAVE SIGNALLED A COMPLETE

TURNABOUT FROM THE LINE PRECEDING THE TALKS.)

6. UNFORTUNATELY THE BREAK-DOWN IN CONFIDENCE BETWEEN GOH AND REYNOLDS IS NEITHER NEW NOR ONE-SIDED. I SHARE CONCERN OF REYNOLDS OVER HAITIAN CHARGES OF FRAUD AND THE \$15 MILLION ASSESSMENT FOR BACK TAXES. HOWEVER, HAITIANS HAVE BEEN UNHAPPY WITH REYNOLDS FOR SOME TIME. THERE IS NO DOUBT THAT PRESENT HAITIAN ATTITUDES ARE STRONGLY INFLUENCED BY THE GROWING NATIONALISM THROUGHOUT THE THIRD WORLD, THE DESIRE TO DEMONSTRATE HAITIAN SOLIDARITY WITH ITS CARIBBEAN NEIGHBORS ON THE RAW MATERIALS/INTERNATIONAL CORPORATIONS ISSUES, AND BY A LINGERING RESENTMENT AGAINST FOREIGN COMPANIES, ARISING FROM HAITIAN BELIEF THAT A NUMBER OF THESE COMPANIES HAVE TAKEN ADVANTAGE OF GOH WEAKNESS OR INEXPERIENCE AND HAVE FLOUTED ITS DIGNITY OVER THE YEARS. NEWS THAT REYNOLDS REPORTED THE FULL STORY OF THEIR COMPLAINTS AND GRIEVANCES TO KENNECOTT OFFICIALS, JUST BEFORE THE INITIATION OF THE GOH/KENNECOTT NEGOTIATIONS, WILL PROBABLY REACH GOH SOON AND WILL NOT HELP IN CLEARING THE AIR.

7. AS TO POSSIBLE COURSES OF ACTION FOR REYNOLDS, CITED REFTEL, EITHER A DENUNCIATION OF THE DEC 2 AGREEMENT ON THE PART OF REYNOLDS OR A FAILURE TO PAY THE PORTION OF 1974 TAXES DUE IN DECEMBER BY DATE SET WOULD PROBABLY LEAD TO AN IMMEDIATE CONFRONTATION BETWEEN THE COMPANY AND THE GOH. SINCE PRESIDENT HAS PUBLICLY PLACED HIS PRESTIGE BEHIND THE AGREEMENT, GOH COULD NOT BACK DOWN FROM A CONFRONTATION, AND THE EFFECTS ON BOTH HAITI AND U.S. POLICY GOALS HERE AND IN REST OF CARIBBEAN COULD BE EXTREMELY SERIOUS. IT IS ALSO DOUBTFUL THAT GOH WOULD EVER PUBLICLY ADMIT THAT THE NEGOTIATIONS COULD BE REOPENED, ESPECIALLY UNDER THREAT. HOWEVER, WE MIGHT BE ABLE TO OBTAIN A LETTER FROM FOURCAND OR BROS CLEARING UP MATTERS OF HARRASSMENT, CLAIMS OF FRAUDULENT VALUATION AND \$15 MILLION TAX CLAIM. I WILL APPROACH FOURCAND BOTH TO INDICATE REYNOLDS'S PROBLEMS IN CONFIDENTIAL

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GREATER DETAIL AND TO SOUND HIM OUT A MEANS TO FACILITATE ACHIEVEMENT OF MUTUALLY BENEFICIAL LONG TERM RELATIONSHIP. ISHAM

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